



# *News Release*

## **PRESS OFFICE**

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## ***Statement from SBA Acting Administrator on Recovery Efforts Announced by President Obama Today***

**WASHINGTON** – The following statement was issued today by Acting Administrator Darryl K. Hairston of the U.S. Small Business Administration following the announcement by President Barack Obama of important steps being taken by the SBA and the U.S. Department of Treasury to address the economic challenges facing small businesses and entrepreneurs across the country.

“U.S. small businesses employ about half our nation’s workers and over the last decade have created about 70 percent of all new jobs. But their access to credit and lending markets has dried up, making it harder every day for small businesses to keep their doors open and their employees working. American small businesses are one of the strongest engines for economic prosperity in the world, and we can’t let this crisis continue to undermine their growth and potential. Today President Obama reiterated his belief that we owe it to America’s small businesses to be the partner they need in the midst of this crisis. At SBA, we couldn’t agree more.

“SBA this week is implementing two key provisions laid out in the Recovery Act – we are temporarily eliminating certain loan fees and raising guarantees on some 7(a) loans up to 90 percent. With these critical steps by SBA, and the Treasury Department’s commitment of up to \$15 billion aimed at getting lending markets flowing again, we are standing up with small business owners across this country and telling them how we are going to put much-needed capital in their hands.

“We hope small businesses will take the opportunity to ask their banks about the SBA loans that might be available to them. And, we encourage community banks and other lenders to work with us to reach as many qualified borrowers as we can during these difficult times.”

Beginning today, the SBA will:

- **Temporarily raise guarantees to up to 90 percent** on SBA’s 7(a) loan program, through calendar year 2009, or until the funds are exhausted. This increase in guarantee levels will help provide banks with the greater confidence they need to extend credit during the current recession, will mean more capital available to small business owners around the country.

(more)

- **Temporarily eliminate fees** for borrowers on SBA 7(a) loans and for both borrowers and lenders on 504 Certified Development Company loans, through calendar year 2009, or until the funds are exhausted. This will mean more capital available to small businesses at a lower cost. The fee elimination is retroactive to February 17, the day the Recovery Act was signed. SBA is developing a mechanism for refunding fees paid on loans since then.

Additionally, the President announced today that the Treasury Department will commit up to \$15 billion to help unlock the frozen credit markets by purchasing small business loan securities currently frozen on the secondary market. By purchasing these securities, it will unlock these secondary markets, and in turn, free up more capital to jumpstart lending for small business owners. The SBA has worked closely with the Treasury Department to address the need to unlock these secondary markets for SBA loans.

For more information on the SBA and Treasury initiatives announced today by the President, visit the SBA Web site at [www.sba.gov/wy](http://www.sba.gov/wy) .

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